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Theory of value, including
the solution of the...

Chicago

1896

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Theory of value, including the solution of the
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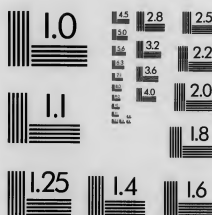
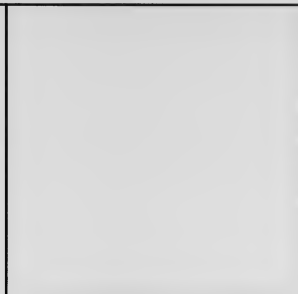
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THEORY OF VALUE,

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Solution of the Finance Problem.

PRICE, 25 CENTS.

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SUMMARY

DEDUCTED FROM ARGUMENTS OF THE PRECEDING HEADINGS.

1. That so-called political economy is aimless, and is rather a history of waste than a science of economy.
2. That labor is not defined or measured by its directness of production, but by its results of wealth, and that demagogues separating a nation into classes have only the faintest idea of labor.
3. That price is vastly superior to credit, which is superior to money, so called, *i. e.*, apparent money, which includes standard money, fiat money, and circulation of these, any one of which is a varying factor, with no relation to the others.
4. That money (aside from the material in standard money) is a mere convenience, as ledger accounts, and has the same relation to products, that is, none at all.
5. That economists inextricably mix price with value, rendering both terms useless for science, and driving them to declare air and water, and things of greatest value, of no value.
6. That so-called financial orators, using the terms standard dollar as standard value, or fixed value, or unit of value, or measure of value, and "honest dollar," have no ideas behind their words, and are wading in a slough of sophistry.
7. That talk of a per capita amount of dollars needed is as senseless as talk of a per capita amount of book credits.
8. That the price (that is, the relative quantity) of standard money depends on other uses (in the degrees of value) of the product of which it is made, and that the price of fiat money depends on convenience, the limit of which is reached in its being discounted by the standard.

Nature by her laws is constantly making products from those already made, varying the totals one at the expense of another in an endless chain or circle, the total of which is never changed. This is the well known law of the indestructibility of matter, of which an atom is never destroyed nor created. Here is a constant quantity.

THE SCIENCE OF POLITICAL ECONOMY.

The knowledge of what substances are wanted and of the amount of such substances required, how to modify nature to produce such amounts and how to distribute such production constitutes the science of political economy, which, like all human knowledge, is exceedingly defective.

Products are results of causes. Elements of matter or force are primary results of nature, products of the first degree. From nature and these a compounding of various degrees takes place as causes to another product. The final degree of a product from nature is reached when it is consumed by man to create energy of the bodily functions, and this is utility of the first degree.

ENERGY.

The orderly consumption by the human being of these products results in human energy which supports life. There is no amount of any one product that will equal a given quantity of another product, because the human system will give a greater amount of energy as the result of consuming a certain quantity of a certain thing at a certain time than it would from consuming any amount of another thing at that time, and different times and conditions require different things, therefore variety of products is a necessity. Farther, the system will give greater energy by taking a limited quantity of any one thing required than by taking a greater or less quantity of said thing (this is hygiene), consequently the amount of each and every product required by the human system is limited. It results that since it is limited for one person there is a limited amount of any one thing for the total population. Farther, need demands an order of production of said amounts to cause greatest efficiency and economize energy. The quantity of any product needed is limited as shown, but the human mind is unlimited in its desires, therefore the number of such products is unlimited, therefore human energy, which is limited, must be economized to produce the greatest wealth possible.

This energy, intelligently directed, modifies nature's productions to conform more or less to the wants of the human system, increasing that more scarcely produced at the expense

of that more extravagantly produced, but since man is one agent of nature, this is simply a particular detail of what has been stated in more general terms above. This energy of man is called labor.

LABOR.

Labor is, therefore, human energy intelligently directed to the production of what is needed or wanted, and no amount of misdirected energy is labor. The human system requiring a variety of products, and said products not being substitutes for each other, demands a production of all in a certain more or less accurate proportion and a great production of said products in such proportion, produces great value, therefore a great population, therefore great energy. An exceedingly great production of one with no increase of the others in no way adds to wealth, and consequently in no way increases population (there is plenty of fresh air at the north pole, but plenty of other things to correspond are not there). Disproportionate production is the result of misdirected energies, and not of labor, and has no value. A man might as well carry water in a bucket to raise the level of Lake Michigan, or lift at the corner of the court house to raise it from its sunken foundations. He can expend any amount of energy, but is not a laborer, is rather a lunatic.

UTILITIES.

The degrees of utilities, starting at 1, with the articles consumed by man, run back with reference to man as the degrees of product run forward with reference to nature. Corn is a utility nearer in degree to man than the ground, plow and man which produce it—utilities of a more remote degree. Utilities of the first degree are of value, and value starts at the start of childhood, just where utilities stop, and are turned into energy.

As efficiency causes an effect, value causes energy.

Many useful things exceed in amount man's need of them. Utilities come to man without any natural distinction as to amount, time, place or order, but the nature of man, starting with the infant, demands one after the other and sets a limit to the amount of each, also the order, time and place. The constant infancy in a nation, as well as other periods of life, at all times and places and manner, eliminates these and reduces the problem to one of variety and amount of each, the order still remaining the same. Thus human nature limits utilities in order and amount of each kind, but not in number, which is increased or diminished according as earlier degrees are satisfied and a surplus left. Utilities so limited and measured constitute perfection of value, which increases as perfected utilities increase in number, and the limit of utilities is the limit of value. This is value with man as its base; any other base might be taken, and the utilities arranged with reference to such a

base. Similarly any other base than man might be taken to calculate utilities in degrees; and another base than nature might be taken in calculating products—*e.g.*, man is taken as the base for his family genealogy, or labor is sometimes taken as a base of certain products, but in this latter case the product always involves products of complex degree based on nature. This arrangement of utilities to accord with human nature produces the value-meter, whose degrees show a relation of kind, order and amount.

Utilities appearing in various degrees, and these increasing and decreasing, cannot establish a fixed system.

WEALTH.

Wealth is the result of labor, which has been defined as energy directed to the production of things as needed. Since wealth depends on labor, labor on energy, energy on the human system, and the human system on the products of nature, it is evident that all wealth is based on natural products.

Wealth is applied to those utilities and products which are limited in amount below that required to supply the bodily functions in the order of value, hence the price of wealth is high. The degree of product or utility has nothing to do with wealth, but the quantity as to product and as to value, the relation, their price determine wealth. The higher the price the greater the wealth, but not value. All wealth is utilities, but all utilities are not wealth. Wealth is not increased by adding to an abundance, but by supplying something scarce, that is, evening up a disproportion. The drop in price of a thing abundantly produced is compensated by the rise in price of the things scarcer produced. Clearly, a product is wealth only as it is needed for consumption or for exchange for others so needed. Gold accumulating in the hands of a miser is not what he needs and is not wealth, neither is land to the land grabber. Wealth is product produced in the order and amount needed; disproportionate production in no way adds to wealth.

A nation is prosperous in proportion to the number of its branches of industry, each established and maintained in the order of its necessity.

EXCHANGE.

The bodily functions requiring a variety of products and one product to be produced most economically, requiring the utmost undivided attention of man, he is obliged to exchange this product for others. This involves price, credit, money, haggling, competition, the exchange relations of products, which involve measurements of quality, quantity and other attributes, most especially value.

Since the end of labor is to promote the bodily functions, and exchanges are a means to this end, an exchange of two products which are both used or consumed, is a final exchange.

Where either one or both are to be again exchanged for other products which may or may not be final, such products are only a means to such an end, and are similar in nature, whether money or products. The actual payment, the thing to be consumed, is deferred, and deferred payment is credit, so that all such transactions are really credit of more or less security. Both sides of an exchange have the same price but not the same value; if both were the same value no exchange could take place. In a final exchange which has been fair, both parties have advanced their estate of happiness.

PRICE.

Price is strictly a market term, and denotes the relation of things offered in market. Fruit in central Africa, gold coins in the sea or in vaults are not considered. A bushel of wheat has been quoted in price as 100 cents in gold, 240 in greenbacks, 175 in silver, continuing two bushels of corn, four bushels of oats, fifty pounds of iron, etc. Clearly when a bushel of wheat is said to be worth \$1, there must be another term either expressed or understood to denominate the commodity of which said dollar is made. Price then has two elements, one of number, another of kind. There is not the slightest difference in idea, whether we say a bushel of wheat is worth 100 cents in gold or 100 pounds in iron, or four bushels of oats. Further, the relation of a product to gold being price, and gold having the same relation to the product that the product has to it, this must be price.

Prices are premiums for the production of products, but products offered are the only return, hence they are the prices. To illustrate: A gold mine owner gives a proportion of his gold for each product he wants as long as he pays gold. (He may keep back some.) We may substitute any other producer and we shall find that each has eventually separated his product to be sold into portions, each to be exchanged for a portion of some other product, and by adding these little portions of each producer into piles as he has designated there results one big pile of one product to be exchanged for one big pile of another, only as many piles as things required by all. Thus we see that the total price of one product offered is the total quantity of another, and that each man gets just that proportion of said product that his contribution is of the big pile. If his were one-hundredth he gets one-hundredth of the other. Since other products are his pay we see that not his product or his labor but the other's product and other's labor is his pay.

Any rise in price of one commodity is exactly compensated by a fall in price of some other or others, and *vice versa*. It is impossible for all to rise at once, fall at once, or make any change whatsoever which is not compensated in its own circle of products.

PRICE A RESULT OF AN EQUATION OF TWO QUANTITIES OF PRODUCTS.

Price presupposes an equation of two amounts of things offered for exchange, therefore the totals so offered give us an endless equation.

An equation of what? Certainly one dollar gold does not equal two bushels of wheat. Gold has no relation to wheat nor a dollar to bushels, and one does not equal two. To a starving man there is no comparison between the amount of gold and a bushel of wheat, to any man there is no comparison of a dollar and a bushel, nor does one equal two. The equation is that at a certain state of man when he has had enough to eat, drink and wear, there comes a time when he would just as soon have a gold dollar as two bushels of wheat, and this order and amount of things and time is in man's nature, not in the gold or wheat, and is set by value, and the equation at that time is price.

Total wheat = total iron = total corn = total money, etc., because each total equals a certain demand of the nation. There is no relation of said demands except value, and none of the kinds except order.

Bear in mind that this is purely mathematical, a relation of the several quantities of things to a certain state and time, and not the things themselves (as coal and beef), which have no relation. Price being two terms, every equation can be resolved into a proportion and ratios, and the rules of equations, proportions and ratios are the rules of price. Since a fixed quantity of one product is a fixed percentage of that product, and a fixed quantity of another is a fixed percentage of the latter, in an exchange these percentages must be the same, that is, 100 per cent of one = 100 per cent of another, their respective amounts in market, therefore a fixed price may be either a fixed percentage of a product or a fixed quantity. Since a fixed percentage of one equals a fixed percentage of another throughout, it may also equal the sum of certain fixed percentages of each. If 1 per cent of gold equals 1 per cent of each of 100 different products, it would also equal the 100th of 1 per cent of all. To make a fixed quantity of one equal a fixed quantity of another the totals must be fixed, and to make it equal a fixed quantity of each, all totals must be fixed.

STANDARD PRICE NOT STANDARD VALUE—AND PRICE NOT VALUE.

It is stated that the relation of product to money is price, and that the relation of one product to another is value; in fact, one idea only is expressed by the two terms. While there is no natural difference, one product is selected from all as a reference, A STANDARD, a leader of the column of products. Thus it is distinguished; this distinction of fixity upon one is

the only fixity in price. Nearly every product in the column has at some time or place held this position, so that even this distinction is no fixity, and certainly not a natural distinction.

NO RELATION BETWEEN A QUANTITY OF PRODUCT AND A QUANTITY OF MONEY.

It is stated that the relation of a product to money is price, that is, that a quantity of product has a relation to a quantity of money, and here disputed. There is a substitution for a gold dollar, of a dollar of silver, paper, notes, of varying security, all changing the relation between money and products as much as a gold dollar would. Suppose all were gold dollars, there would still be no relation between their quantity and that of any quantity of wealth, because one dollar may circulate 1,000 times and another once, the denominations may be \$20 or \$1; therefore it must be evident that could such a relation be found it would not last a minute, and would not be of the slightest use if found. Then add the substitutes for said gold dollar, the variations of circulation and hoarding, which here means simply not doing business, not circulating, whether caused by sickness or a desire to do better with the money, and the absurdities of any relation between a quantity of money and of any other product is too great to discuss. Business causes circulation, but not circulation business. Having shown that the relation of product to product is price, not value, the nuisance introduced by the term value, already loaded down by economists with other ideas, as value in need, value in use, real value, subjective value, objective value, intrinsic value, etc., requiring from five to ten pages to make clear (if they ever do) the most prevalent term in economy, ought to preclude its use in this sense. Value being the key to the science of economy, ought not to be a network of mystery.

VARIATIONS OF PRICE.

A farmer hoards grain because he thinks by so doing he will receive a higher price by scarcer grain later. Suppose many men were sent about the country as Murphy was sent to Europe, persuading everybody that corn was as good as wheat, and suppose he succeeded largely, the result would be like adding so many bushels of wheat to the wheat crop, or, what amounts to the same thing, drawing away purchasers of wheat. Wheat would fall in price greatly, and the wheat farmer would suffer, and where able would hoard his wheat, believing the craze for corn would pass away, and things return to normal condition. For corn substitute silver, and for gold wheat, and we have exactly such a state to-day. Hoarding and substitutions take place in all products as well as money, then add change of demand, seasons and weather, diseases and pests, and many other causes, and remembering that the varying amounts of a

product at times and places varies the price of any stated amount; varying the amounts of all others varies the return for a stated one; varying the amount and circulation of money varies the standard price of a stated amount of all.

Referring to the above substitution of corn for wheat, we see an exchange of gold bullion for products at the same relation as gold dollars which are a small part of the gold product, also that paper dollars and silver dollars exchange at the same ratio as gold, while their material ratio is very different. You notice the effect of substitution of corn for wheat. Bear in mind that money is not a consumable product like wheat, but the same dollar by frequent circulation increases the sum of money which is a mere tally on exchanges with no more relation to them than the buttons over a billiard table to the games played on it. Money is of utility, not of value; a machine, a convenience to move things toward value.

The quantity of money being a totally indefinite quantity, its relation to a definite quantity of anything else is impossible.

If one knows that the price of money is just as surely products as the price of products is money, he can see that with no third thing there is no basis. On the Board of Trade it is impossible to say how much the variation in price is due to the products, and how much to money, or whether all is on one side or the other. To illustrate: suppose a mountain of solid gold suddenly rose out of Lake Michigan, so that a bushel of wheat (and other things in comparison) was more in demand than a pound of gold, no one would say that wheat had risen, but rather that gold had fallen. The exaggeration of the amount of things does not affect the truth that there is now and always some change proportioned to the amount of gold available, which is a variable quantity. To determine such a thing, a third thing, a basis for both, is required.

CREDIT.

An exchange presupposes an equation the second member of which is payment for the first given for it.

Exchange is for	{	Final payment, not again to be exchanged:
		Price.
		Or Deferred payment, representative of price: Credit.

Price is the above exchange equation reduced, so that the quantity of one member equals unity, the other is then its price.

Price =	{	A quantity of a product	{	common—any product, or standard—one product to which all others are referred.

CREDIT = { A quantity of security } inherent, depending on its own wealth and character, or fiat, depending on the wealth and character of its maker.

Security is the only distinction of credit. Inherent security, like any term of credit which is taken merely for exchange, becomes the first member of the next exchange equation, and the price is thrown to the next member, no matter how many exchanges, until a final one fixes the price. Gold coin is an example of inherent security.

Fiat security includes all credit not fully self-indorsing, whether partly or totally so, as silver coins and book credits respectively. The security of fiat decreasing, its quantity must be increased until said security disappears. Discounted notes, silver, greenbacks and confederate bills have illustrated this.

An exchange is made of one amount of wealth for another amount of wealth, in two ways: *First*—Directly at the time. *Second*—One amount is transferred at the time, and a demand or order for the other at some future time called credit is given. This demand or order has a very variable nature involving as variable security, viz.: Book credits, promissory notes, orders for goods, paper bills, coin, whether silver or gold. The various inconveniences of securing value on these demands are well known. Commercial agencies are sought as to book credits; rich men are asked to indorse promissory notes or orders; the whole government is asked to indorse bank bills; merchants of different nations have no confidence except in their own government, and demand that the credit be self-indorsing, self-securing, self-valuable; that a credit shall be worth 100 per cent of what it calls for; should represent in full the units of value; other merchants, seeing the advantage of this self-securing credit, demand self-securing credit to avoid the anxiety of all other credits of varying security. Thus, a cash transaction is a transaction the credit of which is self-securing, and money is a form of credit.

MONEY.

Credit represents deferred payment, and since money is not what is eventually wanted, it is a form of credit. It is a warehouse receipt of general demand on the great stores of the community. Time alters exchangeability, and the holder of this receipt does not expect to receive back exactly what he put in, nor exactly the same quality nor quantity, and in fact does not receive the same value. Honest credit would return the lender exactly the same value, in which case neither borrower nor lender can complain.

When the government declares that coin which has recently

greatly varied in value shall settle debts and credits previously contracted, it causes a temporary injustice and interference, and future debts and credits by specifying the quality, quantity and substance in wordy contracts will provide against any further interference—the constitution guaranteeing non-interference with contracts. Thus, the government complicates instead of simplifying business.

MONEY { self-securing credit or fiat credit, representing self-securing credit.

Fiat credit differs only (unless partly self-securing) from any promissory note of hand of equal known security, as to legal tender—indorsement of a nation. The principal distinction of purely fiat money is the wealth and character of its maker.

RELATION OF MONEY TO PRODUCTS.

The relation of a product sold to a gold coin is its relation to the product gold. The relation of a product sold to fiat money is the relation of the fiat to the self-securing money, which is the relation of said product to the product of which said self-securing money is made, therefore the only relation is one of product to product. Discrimination is made, first, between the self-securing credit and its representative, not between the latter and products. This discrimination is represented in premium money, and money is only representative of price.

LIMIT OF MONEY.

Money being a mere convenience, its amount is limited by lack of convenience. Fiat money obeys the laws of all credits, and is discounted when its security is doubted or discounted. The relations of fiat credits to self-securing credit show their relations to each other.

MONEY.

Money results from credit as credit does from exchange.

REDEMPTION MONEY.

In common sense money is said to be wealth because it will command a portion of each of the products. But this is a secondary sense and not the primary sense of the term wealth. Similarly the term money of redemption is used. If a man raise a bushel of wheat by labor in order to live, and sell it for \$1 to buy meat, and eat the meat, the meat and not the dollar redeems his labor. The dollar is a secondary matter, a medium, and in no sense an element of wealth. Redemption precludes any farther exchange. Price in economy means the relation of the final quantities, and not the relation of means, that is, the grand clearing house of a nation being passed, we come to the actual final exchanges. Therefore money is a means of clearance, totally confined to credit, and only a small part of this, therefore a smaller part of exchange.

Money does not appear in the value-meter, is not a utility of the first degree, is not consumed by man, therefore its amount is not fixed by nature of man. Exchanges of which money is not a medium, have no relation to money, and credits not involving money have no relation to money. Exchanges involving money in no way determine the requisite amount of money, *e. g.*,

Let E = such exchanges,

A = amount of money,

C = the average circulation of a dollar,

then $AC = E$. Since E involves wealth and its relation to population, clearly we cannot change this side by multiplying or dividing, it must remain the same, therefore the opposite side must remain the same in value; $\frac{1}{2} C \times 2A = CA$, and any other change would show that an increase of the amount of money must result in a decrease of circulation, and *vice versa*, from which we see that the amount of money is not dependent upon E unless we can fix C , nor C unless we can fix A .

CIRCULATION.

The circulation of \$1 is limited by time as well as by wealth. The circulation of \$1,000 is no more limited by time than that of \$1, but is more limited by wealth. Rapid transit, etc., are constantly varying the time required. Circulation is a vague factor, consequently so is the amount of money acting; the two make the apparent money; money is not price, but simply a representative of price more or less accurate; neither is a billiard button a billiard shot. Money is not a subject of exchange, but only a means of exchange—a convenience.

HAGGLING.

The more frequent the exchanges the better the knowledge of value, the less the haggling. The frequency of exchange for money compared with any other one product reduces the haggling and makes it easier to exchange a product for money and then for another product wanted, than to exchange the two direct. But the idea that there is an essential difference between the two operations is totally erroneous. There is just as certainly haggling in the exchange of products for money as as there is in so-called barter. The only difference between a cash and a barter trade is that one side is certified as to quality and quantity of material, but neither as to value; the exchange of products for gold or silver bullion is as certainly barter as any other exchange, and the only difference between the bullion and the coin is the said certificates of quality and quantity.

COMPETITION.

Competition is a feature of an exchange where one side is scarce as compared with the other side, and competition is

limited to the side of preponderance. Competition is the penalty of a disproportionate production, a lack of balance of product, misdirected energy. There is no competition for a limitless quantity of anything, nor where one side exactly balances the other side, but always for a scant quantity of anything. Competition notifies the producer of the plenty-side that either that side must be curtailed, or the other increased; a desertion from the plenty-side to the scant-side. Competition is thus a great evener. In case of workmen exceeding work, to diminish would mean to kill off, hence the only remedy to balance is to increase the work. Increase of work means new branches to take the place of those dying, to furnish work to men thrown out by specialization and by machines. A new thing requires the inventor who in turn requires capital; capital requires confidence as to the return of its principal value with interest. A former employer is usually the medium between the inventor and the capitalist. Both capitalist and employer are anxious to make a contract, but cannot discover a unit of value which will not return either more value than was borrowed (a loss to the business man) or less than was borrowed, which means death to the deal. A contract means work for men out of employment. The number of men employed by the new industry is a mere bagatelle of the effect upon labor. To illustrate: Suppose the said inventor is a first-class workman; when he moves out his place cannot be filled by one of the second class. (To show the process let us take figures rather nominal than accurate, and suppose it takes two second-class men to fill his place, and soon doubling down the grade. It would then require four third-class men, and six fourth-class men, and so on, to fill the vacancies.)

Although the demand does not increase by twos, it does increase by more than one, resulting in furnishing work for a large number of men. Further, new industries generally require the best workmen, therefore a new branch of industry causes a vast employment of labor—no less vast, to the sorrow of the low grade workmen, the opposite change, the death of an industry, for industries, like men, are constantly dying and being born. The seriousness of this latter has produced wars against machines—a futile remedy, as countries without machines, like Africa and China, prove. The same restlessness of mind which invents machines, invents new industries and fashions; the machines themselves necessitate new industries. Clearly, then, the lowest grade of labor, more than any other class, should be interested to establish a unit of value by which may be drawn a contract fair to capitalist and employer. Interest on capital is regulated, as other things are regulated, by competition. But there is no competition as to principal; the capitalist must have this with interest, or there is default of new industry, therefore of employment. Competition is older and more universal than all governments, and adjusts prices more nicely than a million governments could do.

VALUE.

To show the difference between the price of a fixed amount of product and a fixed price in products, suppose the crop of wheat for three successive years to be, respectively, 1,000,000, 2,000,000 and 3,000,000 bushels; suppose the price of one bushel the first year to be \$2, then the price of one bushel the second year (other things being equal) would be \$1; of the third year, 66⅔ cents. But one-millionth of the first crop would be one bushel, worth \$2; of the second crop, two bushels, worth \$2; of the third crop, three bushels, worth \$2. Clearly, to people striving for comforts in life a fixed amount of money is no proof of fixity of such comforts, as the compensating in price may be done by any one of the products entirely, as, say, money, or partially by one and partially by another. A product used for money is as much a commodity as any other; its price is fixed exactly as any other. To secure that the fixed quantity of one shall equal a fixed quantity of another is to secure that one bushel of wheat shall always equal say two bushels of corn, or that one bicycle shall always equal 200 bushels of wheat, disregarding weather, labor and all other causes. To say that a given amount of labor shall receive a given amount of product is to suppose a measure of labor, but since the greatest factor of labor is intelligence, which may be given, lent, absorbed or stolen, and in which no exclusive right can be protected to a considerable extent, no measure of intelligence is possible, therefore none of labor, which can only be measured by its results, which are products.

But the expressions, "too high," "too low," "more than its worth," "less than its worth," all show that there is a relation of products far different from what is expressed by such a word as price. We see the necessity of an idea which will carry the same meaning at different times and places for use in calculating the amount of energy necessary to this, that and the other branch of industry, and economizing for other ends any surplus energy.

This results, first, in notice to the community of a required amount of each product; second, in the relation of said products; third, in such relation existing in the unit of value, therefore provides against a waste of energy in disproportionate production.

Value is the requisition of the human system on nature for things fixed in kind, amount, order, time and place. Value is not inherent in any one, or two, or a dozen things. This was known thousands of years ago, and the ancients have handed down the story of Midas, which every child has read and which none of our financiers seem to comprehend. This teaches that if you take all the gold in the world and restrict it from all other things it has not a particle of value. Similarly, any other substance might be substituted with like result. Farther, it might result that if a person were given every other substance in the world with one exception he would give up those which he

possessed for a portion of that commodity which he had not. For example: If a man whose possessions were such, were seized with ague, and quinine were the one thing forbidden, he would give up the title to all the rest for that. "All that a man hath will he give for his life." Clearly, then, life is valuable, and that which promotes the bodily functions is of value, hence we come not to one but to all products needed in life; not the total of all products nor the total of any one in considering any one person, but a limited quantity of each, whether it be bread, or air, or meat, or whatsoever, and these must be taken in the order established by nature. If we multiply the quantity of wheat needed for one person by the population of the world, nothing of value is added by a production of 100 per cent more than this. Value then inheres in a certain order and amount of production of all things, and the failure to produce sufficient of one impairs the others. Any disarrangement of utilities so ordered lessens their value.

A value-meter, like a barometer, would show the kind and order of each utility, and as the mercury rises from air pressure so value rises from these utilities. The relation of these utilities in value is in order, not in quantity, which is price. Increase in number in this order increases the activity of the bodily functions. The bodily functions are limited in their capacity by nature, for any one thing, satisfaction of which causes demand for another. The relation of said amounts is price at value, thus value merely marks that price of one product where all products exist in the exact amounts needed in natural order. Air is far in precedence ahead of diamonds in the value-meter, but its price is so small as to be neglected, while diamonds have a high price. The excess of energy above labor devises new products or utilities which take their place in order at the end of the value-meter, not disturbing those already there, because every function was fully satisfied in every person by the former utilities so far as they went; the nature of man, always demanding more, has simply added an additional degree in value.

HOW TO CONTROL THIS CONTRACTION AND EXPANSION OF AMOUNTS OF PRODUCTS.

A pet dog comes at a very different degree in the value-meter from bread fed to a child, and when controlled the value-meter would in case of scarce wheat wipe out the dog and leave the wheat, in the degree for supplying children, undisturbed in amount, therefore in relation to other things, therefore in price. Thus with all other things, the more recent give way in their natural order, and as they were instated leaving the older intact. But people wishing to enjoy the highest possible value would provide against such discomfort, because it must be recalled that price is only the relation of an amount offered for sale, not

the amount of things produced, hence the wealthy would by storage protect themselves to secure the higher enjoyment.

Let convict labor be, as it now is, supported at all times, and not connected with any of the branches which support it; let it be at the service of inventors and prospectors for future comforts and supports new to man when the products are equal to the requirements, and suppressed when they are insufficient. Then the material used by them is thrown back to modify any deficiency and steady the value-meter in earlier degrees until such sufficiency renews their efforts. Clearly the whole value-meter is pay for what a man produces, and when he produces less and causes a shortening of said value-meter his pay is proportionately lessened; he may get the same amount of other things, but not the number of things.

To promote happiness and prosperity, products are needed not alone in variety nor in quantity, but in order, locality and time. It can be known what is the quantity of each product necessary for a given population; publication of such amount gives advice as to the comparative usefulness or value of energy expended beyond this or turned in some other direction.

A thing to promote the bodily functions must exist in its proper order as much to a nation as to a child. The nation does not call for distinction of time like a child as to milk and meat, because there is perpetual childhood and adult age, but it does call for ability to pay for its needs and the labor being sufficient and there still being a reserve energy wishing to labor, new fields must be opened and these must be such as to promote the bodily functions as naturally and physiologically as meat after milk to the child, else there is loss of energy and waste and loss of happiness.

Here results an advance in proportionate production, and a direction to seek new fields rather than cause disproportionate production. This causes additional demand by those having ability to gratify tastes before unsatisfied, employs idle men and increases the ability to pay for what is needed, and there is a constant approach to the desired end, viz.: All products needed by the bodily functions of a community being furnished as they are needed, because every one has ability to pay for them. Approach is said because, as before stated, it is impossible to satisfy the human mind.

UNIT OF VALUE.

Political economy is the science of maximum happiness, and cannot consider happiness in a less, and certainly not greater degree. Hence utilities existing in the greatest possible perfection (whether more or less of them) are no less a fixity, but this is value fixed, any percentage of which may be taken as a unit of value.

Since the basic products as formerly shown control subsidiary products they must come earlier in order in the value-meter

than these, and any contraction of said value-meter must annul its degrees in the order in which they had been added. The value-meter thus would represent an order of products, each fixed in quantity per capita, increasing in length as utilities increase, and decreasing as utilities became scarce. Thus marked in degree, any limit might be taken as a unit, either one or two or any number of said degrees, and this unit would not vary as to quantity of substances nor as to efficiency in promoting bodily functions. The quantities being fixed, their ratio or price would be fixed in value.

With a production regulated by need, an article would not vary in price or value or cost of production. The variation would take place in expanding or contracting of the subsidiary products, and exchanging labor from one branch to another to maintain equality of all existing according to scientific principles.

The unit of value is a measure, and like any other measure is an ideal and not a material quantity. *The unit of value has one requisite, one essence, namely, invariability of value.* It may be represented by material, as a yard is represented by a stick of wood, steel, piece of tape or 1,000 other substances, but the yard itself, the invariable amount of length, the absolute quantity, the ideal, never changes. This is true of any measure, consequently of the unit of value, which may be and has been misrepresented by a vast number of substances. It has never yet been represented, because the said ideal unit of value has never yet been conceived.

THE REPRESENTATION OF THE UNIT OF VALUE.

Having once conceived the unit of value, its representation is no more difficult than the unit of any other measure. Its representation *also has only one requisite, one essence, and that is availability.* Like the other measures, it may be represented in various substances; like them too the material to represent it should be selected solely by reason of its availability, that is, the ability to be when, where and what quantity needed.

GOVERNMENT'S FUNCTION.

The government left every one free to produce any product in any amount. The government must select some tangible product to be used as a medium of exchange (not as value, because the producers of products alone have to do with that). It makes very little difference which product is selected to represent said dollar; say it takes gold or silver or lead or anything else (because it is not necessary to handle any of them. Certificates of deposit with the government are just as secure as the things themselves, and even more so, hence all this talk of bulk or rust or precious metals or money metals is ill conceived). All that is necessary in money is price fixed at value, and this is just as obtainable with lead as with gold. The government selects

one; suppose it is silver, as it makes some difference which (but it does not make so great a difference that any product which possibly could be taken would not result in a sounder system of finance than any nation has ever yet seen). It agrees to stamp silver free into dollars in any amount, but *how* is the question. It has been stated that the dollar is price fixed at value, a measure of price at value; also that any fixed quantity of any product constantly varies in value. Therefore the government requires for stamping \$1 that amount of silver, which in the exchanges made by the haggling of the producers of the products has exchanged for *that fixed percentage of each of the basic products* as previously stated, and it agrees that on presentation of this certificate or coin, to redeem it with an amount of silver *sufficient to purchase such percentage of each of said basic products*. Silver may be more largely produced (theoretically), and the government be forced on the presentation of a bill or coin to furnish 50 per cent more silver than was stamped in said coin, but the next dollar stamped the government will demand 50 per cent more silver to reimburse itself. The producer of silver, knowing this in advance, *would not produce silver so that any such variation could take place*, any more than in the products already freely produced. No such variation occurs between them if money is left out of the comparison, hence the above word theoretically. *Since a greater or less production of anything varies the value of a fixed quantity of that thing*, it is evident that in order to represent a fixed value by any one thing, either the quantity of such thing must be constantly varied or the production of such thing must be constantly limited or stimulated, according as it is excessively or scarcely produced. By our present money system the tail wags the dog, and will until people learn that there is no difference between the product used to represent the unit of value and any other product, and let such product be produced just exactly as the others are, according to need of it, and stopped when there is more need to produce some other thing. Thus this dollar is an honest, invariable, fixed value, the same in one or 1,000 years, and such a measure of value as has never yet existed. Still farther, it is an index to the various producers as to what is desired to be produced, and a perfect system of statistics in itself, of more value than the whole system of statistics at present at Washington. Farther, it is a perfect regulator of the production of the money metal, *exactly* (not approximately but exactly), as money is demanded by the producers of the other products, who will not then as now separate into two great classes and with gaping mouths one-half turn to a gold mine owner and ask how much of their products he wants for an ounce of gold, while the other half turn to the silver mine owner to ask how much of their products he wants for an ounce of silver; but united they will tell the silver and gold men to hold their tongues, and when the balance of products is struck they will tell how much of their products

they will allow for an ounce of silver or an ounce of gold, which ever has been selected to represent the unit of value.

When it is seen that a shortage of money is sure to call for a production of money, no one will dare to hoard money, and the exchange of products which constitutes business will not be crippled, and panics will be a thing of the past. The essence of money is invariability, which is the quality to be where, when and in what quantity needed.

The first great step toward this desideratum is to banish all bimetalism and fiatism.

The second is the establishment of a unit of value, based, not on a gold mine or silver mine, but on all wealth, a unit in which every producer is as much a factor as the producer of either of the others at present, except that it is an honest interest.

The third step and simplest and least essential is the selection of which product shall be selected to represent said unit of value, and this will be selected after balancing the availability with the cost of transportation, storage, wearing and any other features which would result in greater or less expense to the people using such money.

Then we shall for the first time see an "Honest Dollar." The stacks of volumes on finance piled up with "Old Rags," and the so-called financiers denying that they ever conceived such trash as we hear and read, and panics will be heard of as feuds of the Dark Ages.

THE DIFFICULTY OF ESTABLISHING SAID UNIT OF VALUE.

Many will object as to the difficulty of establishing this basis or standard, less ready to try any new road than to continue on a road known to be impassable. "To strain at a gnat and swallow a camel." No basis of measurement was ever established without some labor. Cheap things result in trouble. The "calm level of the sea, from which all heights and depths are measured," had to be ascertained by many and careful tests, and when found it was known it would not be absolute, yet it is the only universal basis of elevation, and to the farmer who is accustomed to declare the height of his barn by the surface of his door yard, it might seem an impossible thing to find a basis by which the elevation of his barn might be understood in China. Since the mighty ocean is so affected by ethereal air that only by great patience and on rarest occasions can its surface be ascertained, it is the height of folly to depend at all times on one of nature's rarest products, tossed by tempests of human passion, as a calm level or average from which to measure all other products. As well take the night hawk in its swoops up and down mid air to establish a railroad grade. The grand total of all wealth has a level, an average more constant than that of the ocean, and from this level all wealth can be measured, and in no other way can it be measured.

The compensating by products of each other shows that if 1 per cent of gold equal 1 per cent of each of 100 different products, the sum of one-hundredth of 1 per cent of each would be vastly less subject to variation than the 1 per cent of gold, and that this is really the unit of price, and that the 1 per cent of gold is merely the representative of such unit, and was originally only intended as a representation.

GOVERNMENT.

The government, as its resources surpass those of the individual, can and should supply knowledge of values, thus limiting haggling, promoting exchanges (that means business), thus taking its place as one of the great functions of labor in its war upon the other forces of nature. The government has done this in units of measurement of length, volume, weight and elevation, but it has not done it in the unit of value.

To establish any measure an ideal is conceived, adopted by legislation, convention or other agreement. Then where possible this idea is materialized or in some way preserved for future reference. The mean distance between the earth and sun is a unit agreed upon to measure the heavens.

Legislation is an ideal action, not a materialization. Law prescribes, but does not execute. A legislature has no business with yard sticks, bushel baskets, coins or paper bills. Its business is with the measures in strictly ideal and scientific character.

All units of measure are very recent conceptions, except the unit of value, which in the crudest possible state is still hanging over from the helter-skelter measures of the ancients, where a man's hand and foot and elbow and height and cubits, down to the present generation of three barleycorns making one inch, were units of measure.

Keep strictly in mind that so called measures are all secondary in sense, evidences of the fact, and not the fact itself. Measures are really and scientifically ideal quantities. When these quantities are thoroughly conceived, defined and limited their representation in material sufficiently accurate for all practical purposes is a simple matter. Invariable amount of length to form a yard is notice of an invariable amount of value to form a unit of value.

OBJECT OF MONEY.

An honest inspector who certifies to the quality and quantity of a product or issues certificates of quality and quantity, economizes time and labor, removes all haggling as to quality and quantity and limits it to price alone. Thus the government certifying the quality and quantity of material in a coin removes any haggling as to these particulars; it cannot remove the haggling as to the price of said coin—that is, how much shall be given for it, or what it shall be given for.

TREASURER'S STATISTICS.

Vast statistics on coinage and coin have no relevancy to finance. As well try to determine the value of a bushel of wheat from the crackers which have been made, leaving out bread and a thousand other demands for wheat. Bread alone has more influence on the price of wheat than crackers, so jewelry has more influence on the price of gold than coins, and household ware more on silver. The total amount of gold has a relation to the totals of other products, so of silver. Other products are the price of either, and ten times the amount of either would sell exactly for what their present amount sells for.

THE DOLLAR.

The original dollar, from the horrible details of whip-sawing the ignorant and weak by the sharp and strong (the sharp in any one product recovering for said product what had been lost by the ignorant, thus keeping the products in balance), comes down at last to just the dollar here proposed, viz., an amount of value based on the relation of products in general trade. To this value both gold and silver bowed down. The 371¼ grains of silver in a dollar, and the 23⅞ grains of gold in a dollar prove this. If gold or silver had dominated this dollar the unit of the decimal system of money, a decimal quantity of gold or silver, would have been taken—that is, 10 or 100 or 1,000, instead of a fractional number of grains, to make a dollar. The dollar was an ideal quantity; in some countries it is at present an ideal quantity, a mere unit of calculation. A dollar's worth of gold and a dollar's worth of silver were stamped to represent the standard; then the standard was thrown away, since which there has been a constant fight as to which of these coins (which at that moment represented said standard) was the standard itself. The fact is, neither ever was or could by any means become a standard, because each is a fixed quantity of a certain product whose total varied with relation to the totals of other products. Further proof that the original dollar was what is here proposed is furnished by gold bug and silver crank in their attempt to prove the stability, fixity and standard quality of their respective coins; each rushes for such proof to the other products, selecting only such as will meet his case, by which either will convince an ignorant man that his coin has not varied in value since the world began, while all products would show a vast variation of either and both. Value would not cease if all gold and silver, followed by a dozen other metals, were suddenly swept out of existence, nor would a perfect unit of value be at all affected, and probably of all substances the loss of gold and silver would be least serious.

SUPPLY AND DEMAND.

Total lack of science in the two very different senses in which each word is used to spin a web of sophistry.

McLeod says the relation of supply to demand is the sole regulator of value. The sophistry of the phrase supply and demand requires a little explanation. Demand, in the ordinary sense of the word, means ability to pay for, similarly supply means the adequacy to furnish those having the ability to pay. Demand is not used in the sense of the wants of a community, and supply is not used in the sense of ability to furnish what is needed to promote the bodily functions of a community. Hence the lack of science in these terms, supply and demand. If every product were produced in just the amount or order of its necessity, and every person had the ability to purchase said product as needed, then these terms might be used scientifically. But the fact that at fifty cents a quart (because of its scarcity), not 1 per cent of the amount of milk would be used which would be used at one cent per quart, and that in the first instance all would be sold which was produced, and in the second instance (on account of the great supply), much would be unsold, and the complaint arise of the poor demand for milk (when this poor demand is 100 per cent better than the so-called good demand which takes all offered), is evidence of the inaccuracy of such language under a helter-skelter system of production, such as is now followed throughout the world.

Need is absolute and incommensurable, therefore cannot be calculated by more or less, and total need is infinite quantity.

Large supply by lowering prices causes an increased demand in consumption. Scarcity of means to buy suppresses supply because it is considered lack of demand. Abundant means to buy increases the supply, and this is considered demand. Prosperity and happiness of the people do not admit of any lack of ability to buy that which is absolutely needed because happiness and prosperity cannot exist in such an event. Hence the absurdity of using these two terms as regulating factors which drag in the equally absurd term over-production to cloud the fact of a scarcity of other products which are the ability to pay.

It is hoped that the folly of calling disordered production "over-production" has dawned upon the reader. But lest there should be any question in his mind that so-called over-production is simply a lack of production of some other thing or things which constitute the ability to buy said over-production, let him take that which he imagines is over-produced and for which he thinks there is no "demand"; let him cut the price down one-half, and he will soon find out there is a "demand" for four times what was produced, and that formerly it was not lack of "demand," but ability to pay—showing the absurdity of the terms "supply and demand."

**END OF
TITLE**